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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF ARKANSAS

CHARLIE DANIELS
SECRETARY OF STATE
STATE OF ARKANSAS

BY IN THE MATTER OF THE REPORT OF
EXAMINATION OF ARKANSAS BLUE CROSS &
BLUE SHIELD, A MUTUAL COMPANY

AID NO. 2007- 015

ORDER

Now on this day the matter of the Report of Examination of Arkansas Blue Cross and Blue Shield, A Mutual Company ("Blue Cross and Blue Shield"), NAIC NO. 83470, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), with the Arkansas Insurance Department (the "Department") appearing through Associate Counsel, Booth Rand, and from the facts, matters and other items before her, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the company and over the subject matter involved.

2. Arkansas Blue Cross & Blue Shield is an Arkansas domiciled legal reserve mutual life and disability company authorized to transact insurance business in the

State of Arkansas.

3. Pursuant to Ark. Code Ann. § 23-61-201, the Commissioner directed the Department to conduct a regular examination of the affairs, transactions, accounts, and assets of the company as of December 31, 2005.

4. The examination began on September 5, 2006 and was completed on or about January 23, 2007. A verified report of examination (the "Report") was filed at the

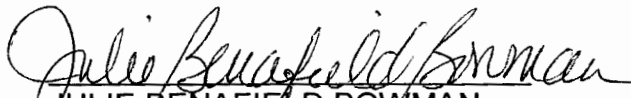
Department on February 23, 2007 and was forwarded by certified mail to the company on February 27, 2007, return receipt requested. The company received the Report on March 2, 2007, and, on March 13, 2007, the Department received a written response from the company indicating it was not submitting any comments in rebuttal to the matters contained in the Report.

5. The Report contained no findings of discrepancies by the examiners.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, et seq., the Commissioner hereby orders:

1. That the Report filed with the Department is hereby adopted;
2. That the Department shall forward a copy of this Order and the Adopted Examination Report to the company via certified mail;
3. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the company shall file with the Department affidavits executed by each of its directors stating under oath that they have received a copy of this Order and the Adopted Examination Report.
4. That the Adopted Examination Report will be open for public inspection upon the expiration of thirty (30) days from the date of this Order.

IT IS SO ORDERED this 30th day of March, 2007.


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS